



Morning Alert - Monday, May 22, 2017

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HEADLINES

Morning News

NHK and TV Asahi gave top play to reports on a North Korean ballistic missile launch on Sunday, with NHK saying that the DPRK announced through its state media this morning that it successfully test-launched an intermediate-range ballistic missile called "North Star 2." NTV and Fuji TV led with reports that a man attacked people with a knife and a bat in Matsudo, Chiba, on Sunday, injuring five. TBS gave top play to a report of the discovery of large fissures in Oita, saying that local residents were advised to evacuate.

Major front-page items in national papers included North Korea's ballistic missile launch, a TPP trade ministerial conference held in Hanoi, and President Trump's speech in Riyadh, during which he called for greater coordination among Muslim nations to combat ISIL and other Islamic extremists.

INTERNATIONAL

DPRK launches missile

All Monday papers gave extensive coverage to North Korea's launch of a ballistic missile late Sunday afternoon, noting that the projectile flew 500 kilometers before landing in the Sea of Japan 350 km west of the Korean Peninsula. With the missile flying as high as 560 km, the South Korean Defense Ministry reportedly suspected that it may have been a new type of intermediate-range missile called "North Star 2" that the DPRK test-fired first in February this year. This was the eighth firing of a ballistic missile by the Kim regime this year. The GOJ did not take any precautionary measures based on the judgment that the missile was not headed toward Japan. However, it still filed a protest with Pyongyang through its embassy in Beijing. Prime Minister Abe told the press after

a hastily arranged NSC meeting: “It goes against the international community’s efforts to find a peaceful solution. It was a challenge to the world.” Abe said North Korean issues will be a major topic for discussion in the upcoming G7 summit in Italy this month. The papers predicted that Abe plans to lead the G7 discussion to tighten the noose around the defiant regime by calling for “secondary sanctions” and a ban on oil exports. MOFA Asian and Oceanian Bureau Affairs Director Kanasugi spoke by phone with U.S. Special Representative for North Korea Policy Yun and his South Korean counterpart separately last night to affirm trilateral coordination.

DPRK stages provocations two weekends in a row

All papers wrote that the latest missile launch came only a week after the previous one involving a “Mars 12” rocket, speculating that Kim Jong Un is determined to expedite the development of ICBMs capable of delivering nuclear warheads to the U.S. mainland. They said yesterday’s launch was meant to display North Korea’s resolve not to give in to “maximum pressure” being applied by the Trump administration, as demonstrated by its planned deployment of two aircraft carriers in the Sea of Japan, the USS Ronald and the USS Carl Vinson. Nikkei conjectured that Pyongyang is apparently discounting U.S. military pressure based on the judgment that the Trump administration is too busy dealing with the “Russiagate” scandal at home and the President’s first overseas tour to focus on the Korean Peninsula. It added that President Trump’s North Korea policy may have already hit a snag, just as his predecessor’s approach did.

China asked U.S. for a grace period of 100 days before taking concrete steps toward DPRK

Today’s Asahi front-paged the disclosure by several sources that when pressed by President Trump to dissuade North Korea from further provocations while visiting the U.S. in early April, Chinese President Xi pleaded that he needs 100 days before taking specific steps for restraining Pyongyang’s provocations. The daily said the Trump administration appears to be inclined not to pursue a military solution based on the assessment that the Chinese are set to ratchet up the pressure on their defiant neighbor. The two leaders may discuss China’s DPRK policy in Germany in July on the sidelines of the G20 summit as it marks the 100 days.

Secretary Mattis says conflict with DPRK would be “tragic on an unbelievable scale”

Several Saturday evening papers took up a press conference on Friday by Secretary of Defense Mattis, who said any military solution to the North Korea crisis would be “tragic on an unbelievable scale” and that Washington is working internationally to find a diplomatic solution. The papers separately reported on U.S. media reports that according to Pentagon sources, North Korea’s launch of an intermediate-range ballistic missile on May 14 was successful and the missile’s re-entry vehicle successfully re-entered the atmosphere, marking a major breakthrough in Pyongyang’s efforts to develop an ICBM.

Japan concerned about Chinese drone flying near Senkakus

Saturday morning's Asahi reported that the GOJ was alarmed that on Thursday a four-ship Chinese government convoy intruded into Japan's territorial waters near the Senkakus and then flew a drone over those same waters. The paper noted that four ASDF planes, including two F-15s, scrambled in response to what GOJ officials are calling "a new type of territorial airspace intrusion." Defense Minister Inada said it was a "serious breach" of Japan's sovereignty. A Chinese Foreign Ministry spokesperson dismissed Japan's protest on Friday by saying that the drone was operated by a Chinese media outlet taking aerial footage of China's "inherent territory."

Other papers ran similar stories, with Sankei saying that one of the four Chinese Coast Guard ships left the area before the three others. The daily speculated that the ship left the scene to edit the video footage captured by the drone. Sankei wrote in a separate piece that doubts were raised by LDP politicians about scrambling four ASDF aircraft in response to the drone. They are reportedly concerned that SDF resources could be exhausted if fighters or other aircraft are deployed every time a drone is operated.

Tripartite summit among Japan, China, ROK possible in July

Mainichi said the GOJ is looking to host a summit among Prime Minister Abe, South Korean President Moon, and Chinese Premier Li in Tokyo in July, adding that the premier is also hoping to hold separate summits with the ROK leader and Chinese President Xi on the margins of the G20 summit scheduled for early July in Germany.

ECONOMY

U.S. commerce chief voices hope for bilateral free trade deal with Japan

Sunday's Asahi gave top play to an exclusive interview with Secretary of Commerce Ross, during which he expressed strong interest in forging a free trade agreement with Japan. He stressed the importance of a bilateral FTA by saying that the U.S. has maintained strong commercial and security relations with Japan. While noting that the agreement reached in the TPP may become the foundation for a bilateral FTA, the Trump administration's top commerce official said Washington is willing to accommodate Japan's wishes when it comes to the speed of negotiating an FTA. However, the Secretary underscored that the U.S. can engage in FTA negotiations with Japan at the same time as NAFTA renegotiations. He explained that NAFTA renegotiations are partially intended to rectify the auto trade imbalance with Japan. Secretary Ross also voiced interest in Toshiba's plan to sell its semiconductor division.

Lighthizer, Seko agree to rectify unfair trade practices

All Sunday papers reported from Hanoi that USTR Lighthizer and Economic and Trade Minister Seko held talks on Saturday and agreed to "promote mutually beneficial trade, fight trade barriers and trade-distorting measures, foster economic growth, and help establish high standards." They

also affirmed mutual cooperation to rectify “unfair trade practices,” apparently with China in mind. According to the Japanese official, Lighthizer did not bring up the issues of bilateral free trade negotiations, autos, and agriculture.

Japan braces for NAFTA renegotiations

Saturday morning's Asahi and Yomiuri took up a notification to Congress sent by the USTR regarding its intention to open discussions with Mexico and Canada for updating NAFTA, noting that Japanese automakers are paying close attention to the planned renegotiations that may start as early as August out of fear that the price competitiveness of their products may drop in the U.S. market if import tariffs are reinstated for cars assembled in Mexico for shipment to the U.S. Asahi said the GOJ is also keenly interested in the NAFTA negotiations as they may offer a glimpse into the Trump administration's trade policy on seeking bilateral free trade talks with Japan. Both dailies focused on Ambassador-nominee Hagerty's remarks during his Senate confirmation hearing on Thursday in which he vowed to open the Japanese market to American products so as to correct the trade imbalance.

TPP members affirm policy of seeking swift effectuation, yet schisms remain

All Monday papers reported on a TPP trade ministerial meeting held in Hanoi yesterday, in which the 11 member states adopted a joint statement confirming their goal of effectuating the mega regional free trade pact at an early date. The participants agreed to wrap up domestic studies for steps necessary to realize the early implementation, including measures to encourage the United States' return, by November when they gather in Vietnam again on the margins of the APEC leaders' meeting. Economic and Fiscal Policy Minister Ishihara told the press afterward: “The unity of the TPP 11 was reaffirmed.” He disclosed that a meeting of the chief negotiators will be convened in Tokyo in July.

The papers said, however, that all 11 members are not equally committed to a swift effectuation, noting that Malaysia, Vietnam, and Canada remain unenthusiastic about putting the accord into effect without the U.S.'s participation. USTR Lighthizer reportedly dismissed the possibility of Washington's return by telling the press yesterday: “The U.S. withdrew from the TPP. It was a decision taken by President Trump. It will not change.” Asahi said the U.S.'s economic presence in the Asia-Pacific region is fading rapidly following the departure from the TPP and the Trump administration's preference to seek bilateral FTAs over multilateral trade arrangements, noting that Washington may cede regional economic influence to China, as the Trump administration's trade-related resources will be expended primarily for NAFTA renegotiations.

Four groups submit bids for Toshiba Memory

All Saturday morning papers reported that four separate consortiums, including one led by Broadcom and another headed by Bain Capital, tendered bids on Friday to obtain the shares of Toshiba Memory to be deconsolidated by cash-strapped Toshiba. While Taiwan's Foxconn and U.S.

equity fund KKR also submitted proposals, the dailies said the Innovation Network Corporation of Japan (INCJ) and the Development Bank of Japan (DBJ), which have been in discussions with KKR on forging an investment partnership, did not tender a bid due to internal procedural delays. Asahi said KKR will probably join hands with the two Japanese entities eventually to submit the final proposal because METI has been assisting the proposed partnership behind the scenes. Adding that Western Digital tendered its own bid for Toshiba Memory earlier, the daily said Toshiba may not be able to choose a buyer until late June.

POLITICS

Lower House Judiciary Committee passes anti-conspiracy

All Saturday morning papers reported extensively on the passage by the Lower House Judiciary Committee of the controversial anti-conspiracy legislation, noting that the Democratic Party and the Japanese Communist Party strongly objected to the bill. The ruling coalition joined hands with Nippon Ishin (Japan Innovation Party) to pass the bill, which is expected to be cleared by the Lower House on Tuesday and sent to the House of Councillors for further deliberation.

Asahi and Mainichi criticized the Abe administration for not allowing the opposition bloc to spend sufficient time deliberating the bill, underscoring that Justice Minister Kaneda has failed to provide convincing explanations to justify the swift enactment of the divisive legislation. Asahi said Nippon Ishin's support has emboldened the ruling coalition to force the bill through the Diet, while Mainichi conjectured that the administration is determined to dismiss the opposition's demand for more careful deliberations to obtain parliamentary approval during the current Diet term in view of strong public support for the cabinet despite the Moritomo Gakuen saga and other scandals affecting senior administration officials.

In a related story, Mainichi's latest public opinion poll showed that some 52% called for careful deliberation of the legislation beyond the current Diet session if necessary. According to a Kyodo survey, the public was split over the bill, with 39.9% in favor and 41.4% opposed.

SECURITY

Service member arrested for DUI in Okinawa

Sankei reported briefly today that a U.S. Marine was arrested in Nago on early Sunday morning on charges of driving under the influence of alcohol, noting that the suspect is denying the allegation.

